



DEFENSE ACQUISITION UNIVERSITY
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International Acquisition and Exportability (IA&E) Elements

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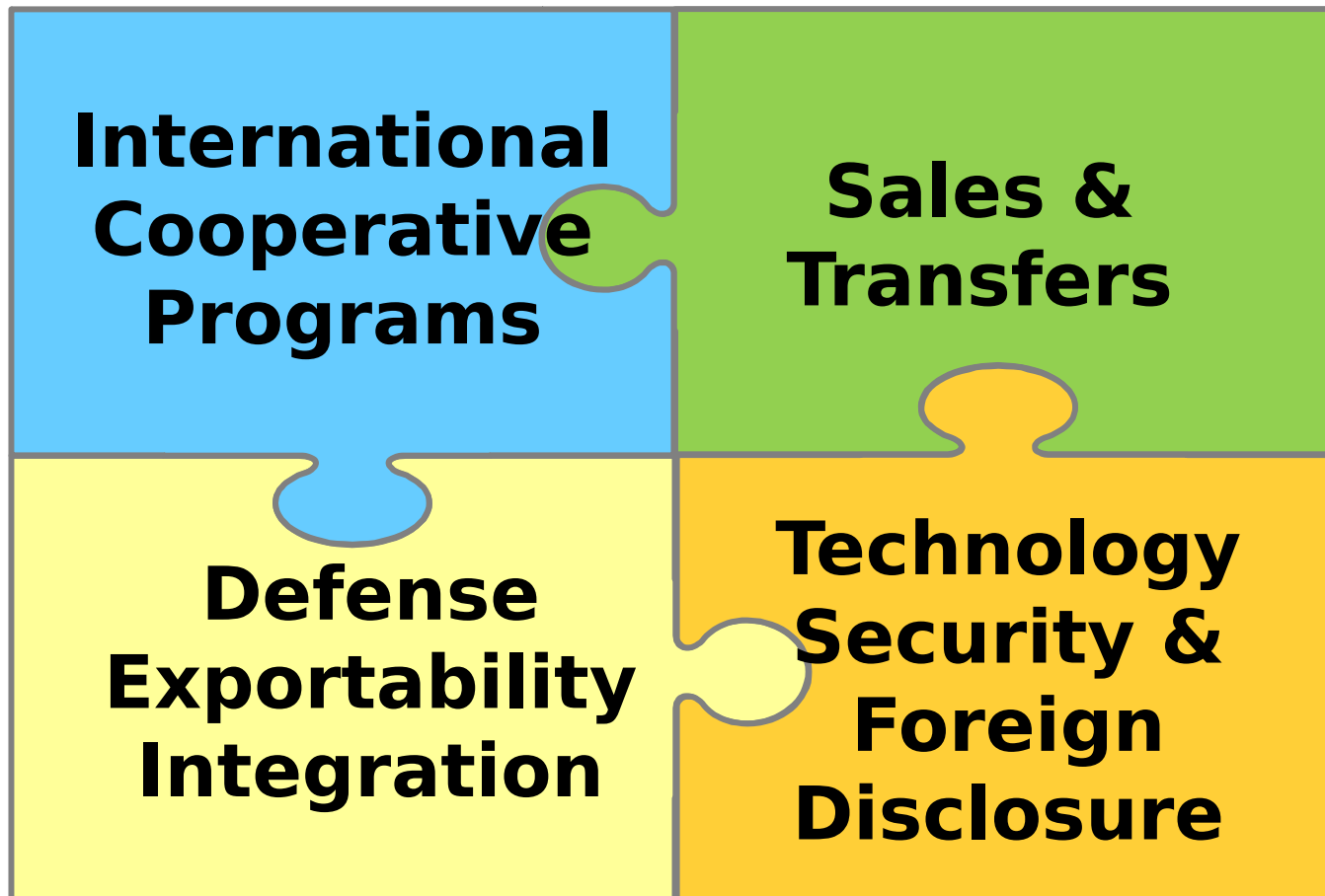
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International Acquisition & Exportability (IA&E)

New term used in interim DoDI 5000.02





International Acquisition/ Security Cooperation

Mechanisms

Mechanism	Security Assistance	International Armaments Cooperation	Direct Commercial Sales (DCS)	Building Partner Capacity (BPC)
Requirement	Foreign Customer	Mutually Determined	Foreign Customer	DoD Determined
Relationship	Buyer-Seller	Partner	Buyer-Seller	Provider-Receiver
Form of Agreement	Foreign Military Sales (FMS) Letter of Offer and Acceptance (LOA)	International Cooperative Program (ICP) Agreement	Export License & Industry Contract(s)	Psuedo-LOA
Funding	Foreign Customer	Equitably Shared	Foreign Customer	DoD
Program	DoD	Joint	Foreign	DoD IA

**Implemented by different organizations
under various laws and procedures**

Key Legislation

Title 22 Legislation

- **Arms Export Control Act (AECA)**
 - Foreign Military Sales (FMS)
 - Direct Commercial Sales (DCS)
 - Cooperative Programs
- **Foreign Assistance Act (FAA)**
 - Grant Aid
 - International Military Education and Training (IMET)
 - Excess Defense Articles (EDA)



Title 10 Legislation

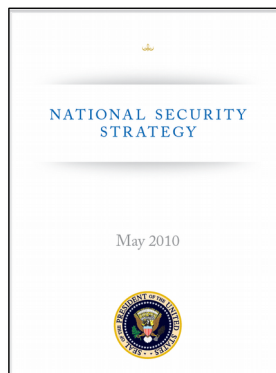
- Building Partner Capacity (BPC)
- Cooperative RDT&E
- Acquisition and Cross Servicing Agreements (ACSAs)



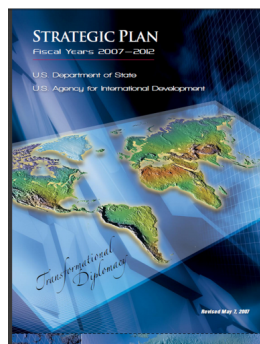
Strategic Guidance

National Security Strategy

- **Strengthen alliances** to defeat global terrorism
- **Work with others** to defuse regional conflicts
- Develop agenda for **cooperative action** with other centers of global power



DoS/USAID Strategic Plan

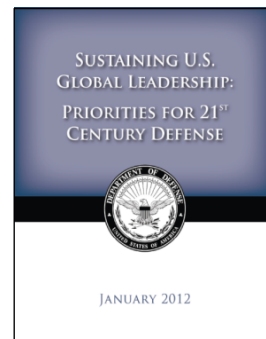
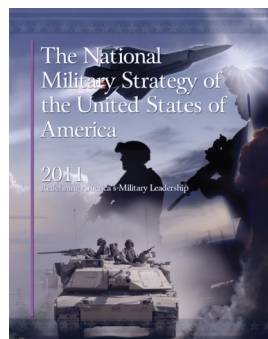


- Counterterrorism
- Reduce/Eliminate WMD
- Promote conflict prevention & resolution



National Defense Strategy

- Shape the choices of key states
- **Strengthen & expand alliances and partnerships**
- Secure U.S. strategic interests & retain freedom of actions

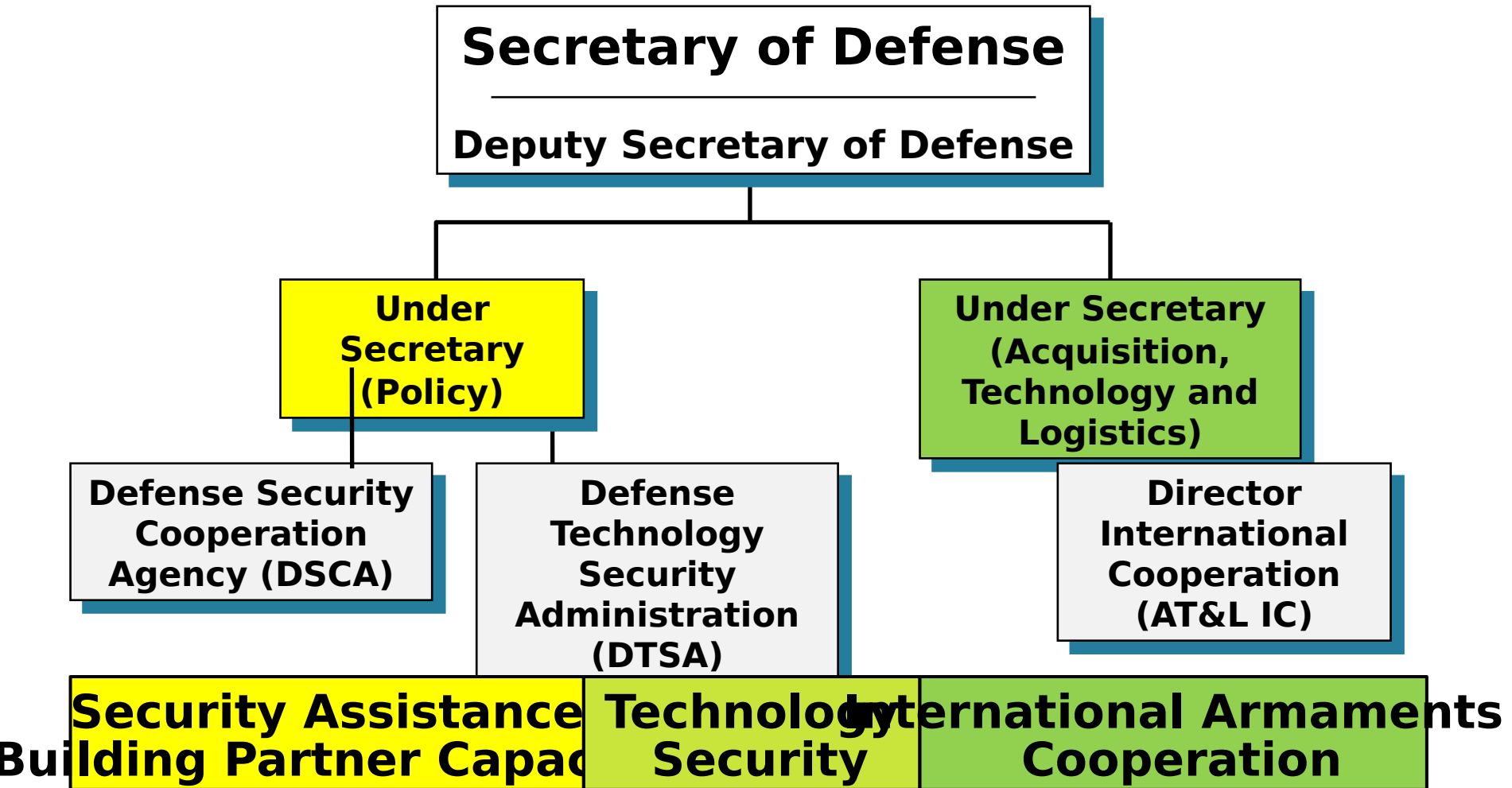


- Conduct **security cooperation** & **security sector reform**
- Support national efforts to address complex security challenges
- **Deepen security relations** with our allies and **create opportunities** for new partnerships

- Challenging global security environment
- **Delicate balance** between available resources and security needs
- Maintain



OSD Oversight





TSFD and Export Control Basics

Fundamental Security Considerations

Access + Protection

Release Conditions

- **Not transfer or use for other purposes without U.S. consent**
- **Provide substantially the same degree of protection as USG/DoD Authorizations**

TSFD

Export

Foreign Visits



USG/DoD TSFD Authorizations

- **Internal MILDEP process**
- **Four primary DoD processes**
- **Eight specialized DoD processes**



- **All running independently under leadership of different offices**
- **Required for FMS and cooperative programs; prerequisites to Export License approval for DCS**



USG/DoD TSFD Processes

MILDEP Processes DoD Lead: Various MILDEP-specific various MILDEP Process Other DoD Processes DoD Lead: Various Org.-specific various Few documented processes	★	Policy	Primary	DP
		AT & L	Primary	
		T&IT	Primary	
	★	NSA & DoD CIO	Primary	
		OC&VS	Specialized	COMSEC
		AT & L + Policy	Specialized	
	★	Policy	Specialized	
		DTSA	Specialized	
	★	US DIT	Specialized	S&NS
		DoD CIO	Specialized	
		DoD CIO	Specialized	
	★	NGA	Specialized	S&NS
	★	None	No single process	
		★	Interagency process	

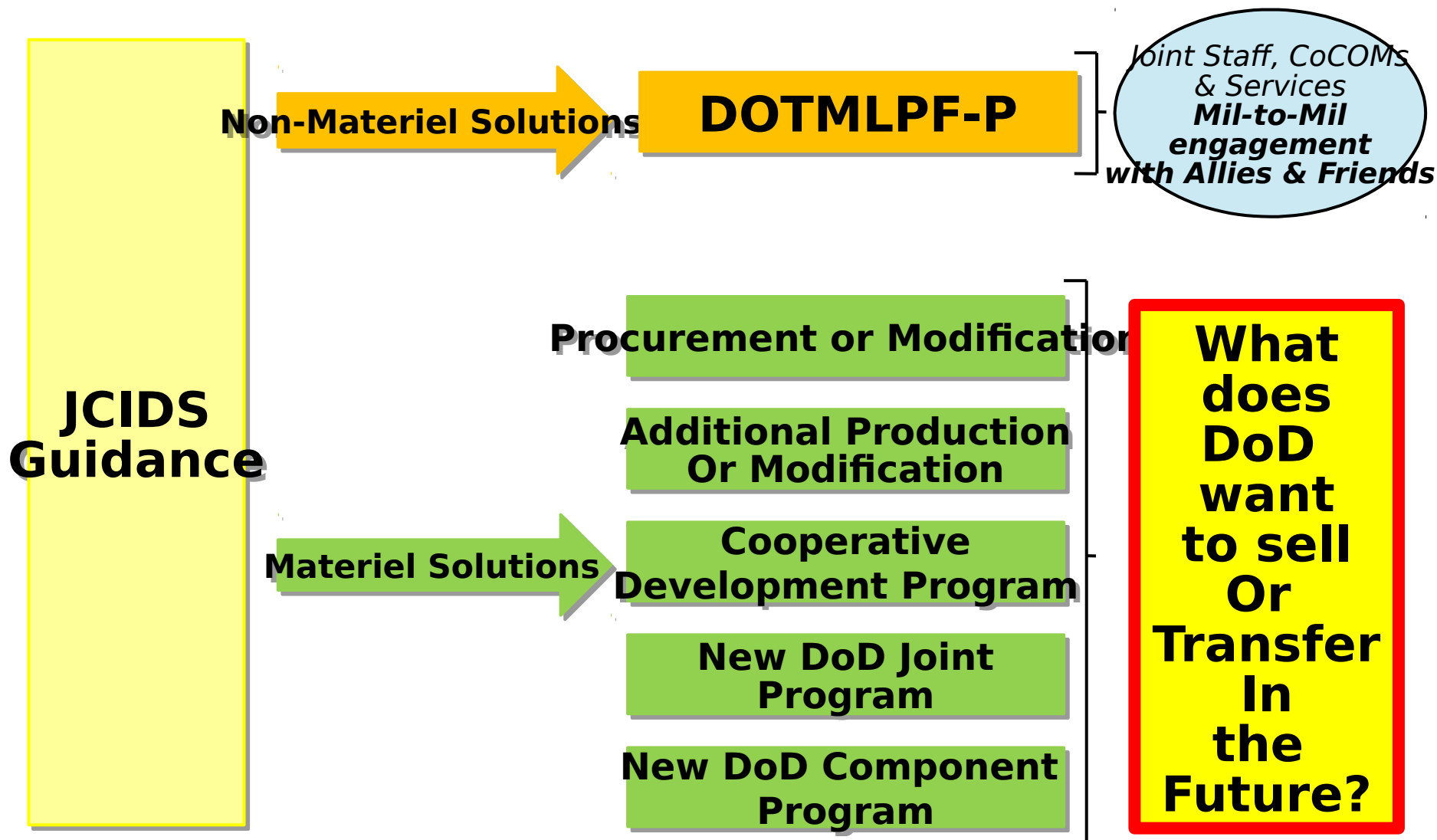


TSFD Oversight

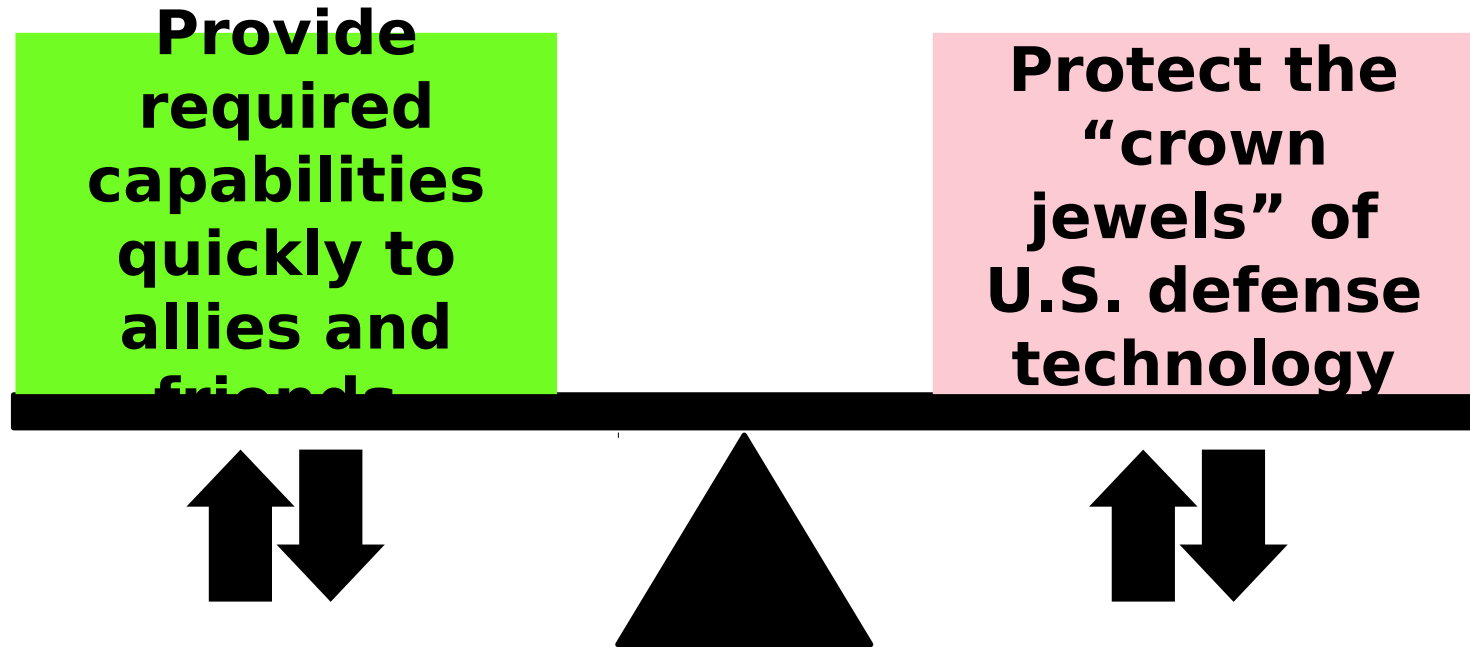
- **Arms Transfer and Technology Release (ATTR) Senior Steering Group (SSG) established in DoDD 5111.21:**
 - **Overarching DoD authority to ensure clear senior-level direction**
 - **Serves as appeals board and mediation body**
 - **USD(P) & USD(AT&L) co-chairs with interagency participation**
- **TSFD Office (TSFDO) also established in DoDD 5111.21:**
 - **ATTR SSG Executive Secretariat and assesses/recommends changes to policies**



Defense Exportability “Headwaters”



Defense Exportability Dilemma



How can the USG/DOD best balance these two competing demands?

Where does the money come from needed accomplish these goals?

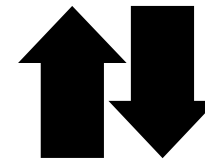
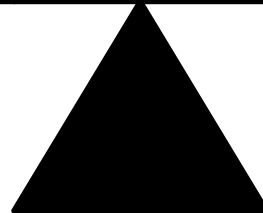
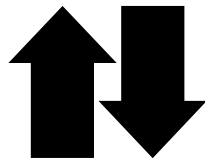
How Many Configurations?

Few

- Simpler design and test
- Simpler production and logistics
- Easier upgrades
- More affordable

Many

- Greater customer choice
- Treats countries differently
- Tailored logistics and upgrades
- More expensive



DoD and partner/customer nations must compromise to achieve optimal outcomes for all
(easy to say, hard to do)



Defense Exportability Features

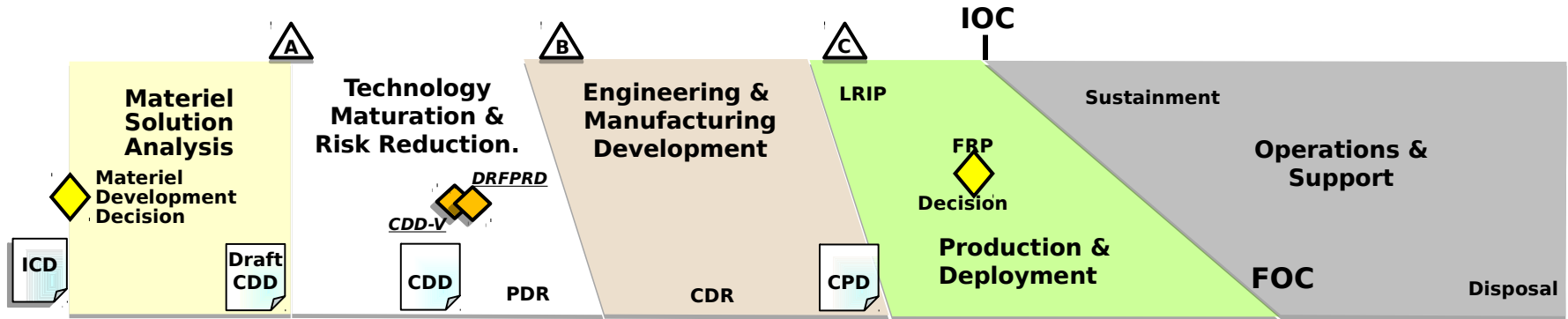
- FY11 NDAA (DEF) Pilot Program
"The Department shall conduct a **pilot** program to develop and incorporate technology protection features in a designated system during the R&D phase of such system."
- Program Scope/Status
 - Identify MDAPs for which there is significant anticipated export demand and whose technical aspects are amenable to DEF
 - **Pilot** program to provide funding to evaluate exportability and facilitate planning for, design, and incorporation of exportability features during RDT&E
 - AT&L selects candidate programs from MILDEP nominations
- FY12 NDAA change

Defense Exportability is Part of BBP 2.0

implementing program protection features



Defense Exportability Activities



Activities Require MDA Approval

Exportability Assessment	Exportability Feasibility Studies	Exportable Designs	Exportable Version Production	Exportable Version Depot & Spares
• Projected sales • Technology complexity	• Conducted with program contractor • Included in TMRR contract • Funded by program or DEF PE • Industry provides 50%	• Funded by program, cooperative program or customer, or industry (or combination) • May be multiple configurations	• Funded by customer • May be multiple configurations	• Funded by customer

Backup Charts



Security Cooperation

All DoD interactions with foreign defense

establishments to **build defense relationships**

that promote specific US **security interests,**

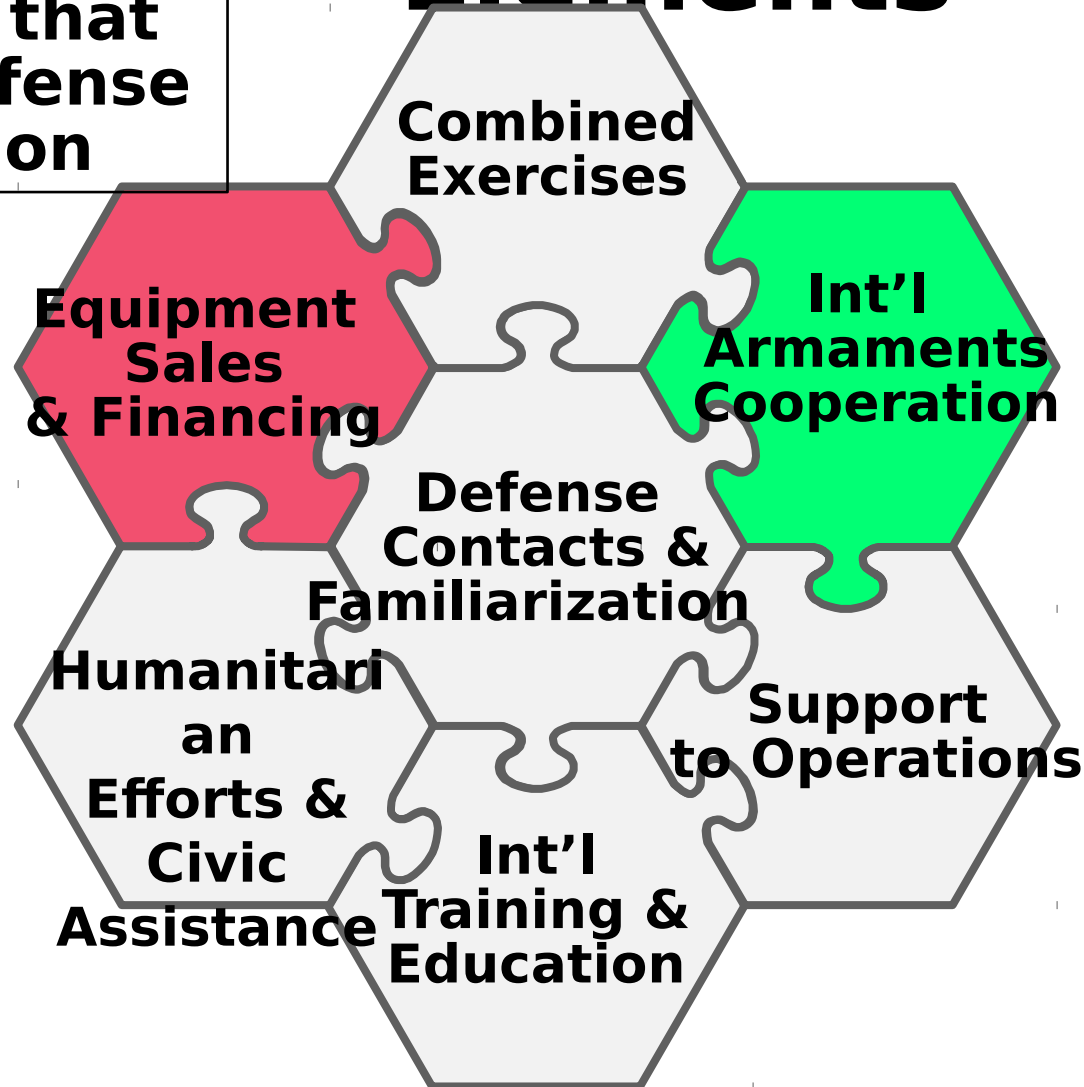
develop allied and friendly **military capabilities** for self defense and



Security Cooperation is a DoD Term (Joint Pub 1-02) multinational operations, and provide

Security Cooperation Elements

**Elements that
involve defense
acquisition**



Benefits

-
- **Economies of Scale**
 - Production
 - Operations & Support
 - **Maintain hot production base**
 - **Share sustaining engineering costs**
 - **Share production line shutdown costs**
 - **Share RDT&E costs**
 - **Share production non-recurring costs**
- FMS** (green bracket) is associated with Economies of Scale (Production and Operations & Support).
- DCS** (red bracket) is associated with Economies of Scale (Operations & Support).
- MCP** (purple bracket) is associated with Economies of Scale (Operations & Support), Maintain hot production base, Share sustaining engineering costs, Share production line shutdown costs, Share RDT&E costs, and Share production non-recurring costs.



Security Assistance Programs

Security Assistance is a State Department Program



Program Administration Responsibilities

Department of Defense

- Foreign Military Sales (FMS)
- Foreign Military Financing Program (FMFP)
- Int'l Military Education & Training (IMET)
- Foreign Military Construction Services (FMCS)
- Leases
- Drawdowns

Department of State

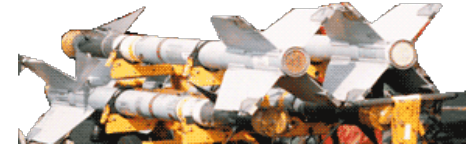
- Peacekeeping Operations
- Int'l Narcotics Control & Law Enforcement
- Nonproliferation, Antiterrorism, Demining, and Related (NADR)

US Agency for Int'l Development

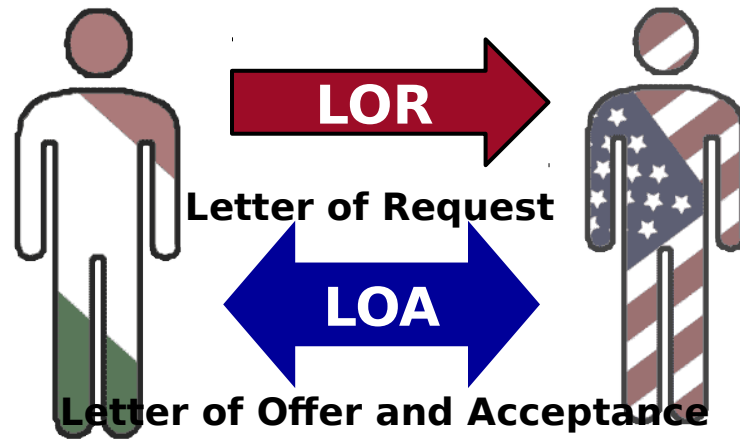
- Economic Support Fund (ESF)



Foreign Military Sales (FMS)

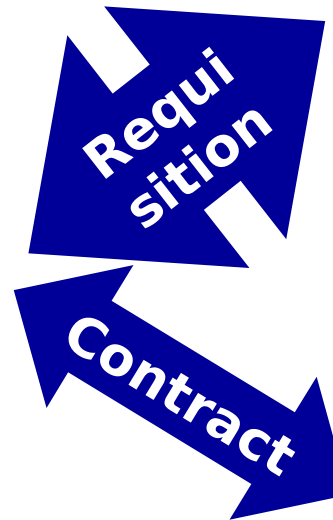


From Stock



**Foreign
Government**

**U.S.
Government**



Services,

Information,

or

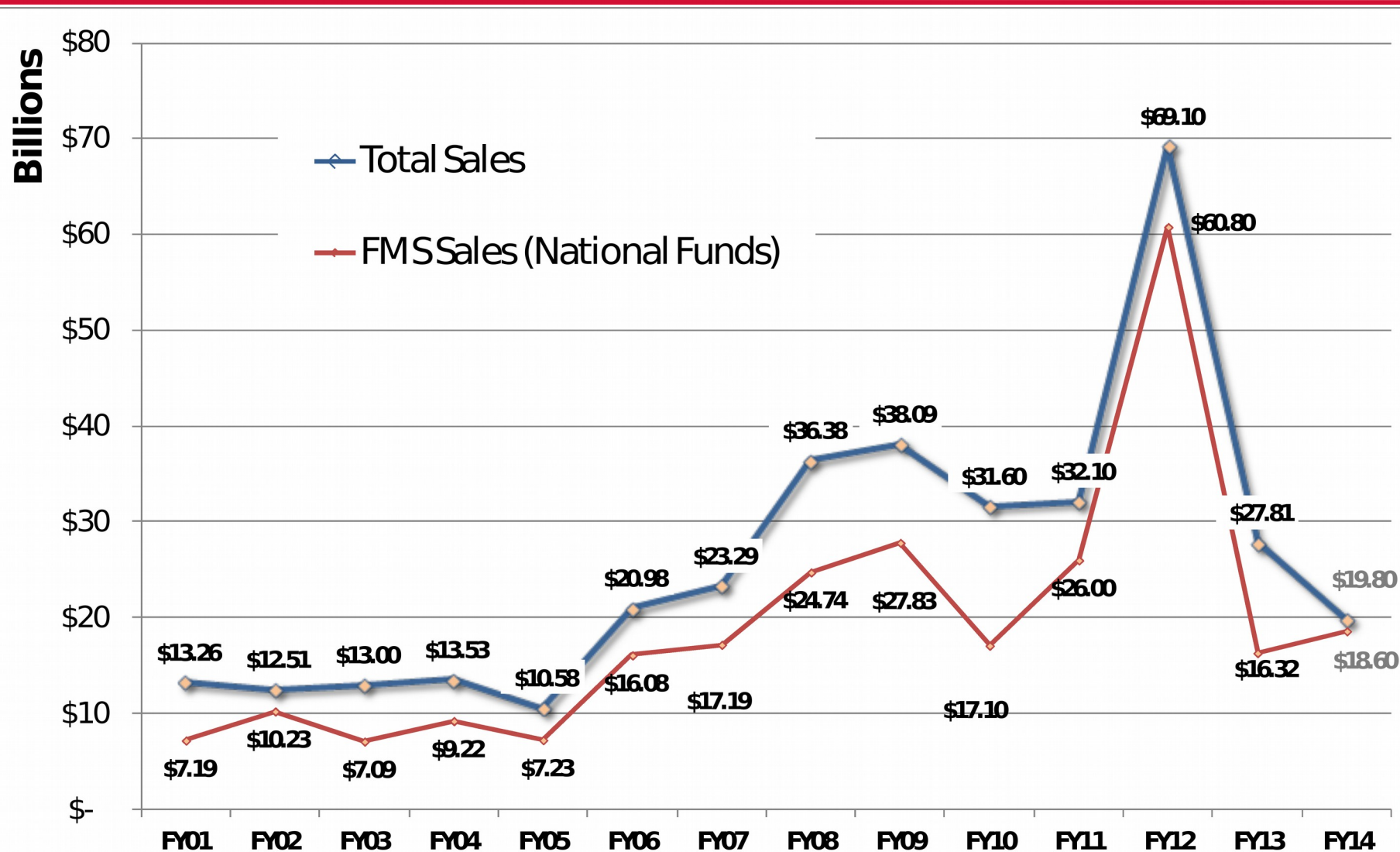
New Production

- Sale of U.S. defense equipment/services by U.S. Government
- Buyer-seller relationship
- Foreign Funds (or U.S. grants/loans) with administrative surcharge
- Conducted under State Department Title 22 authority





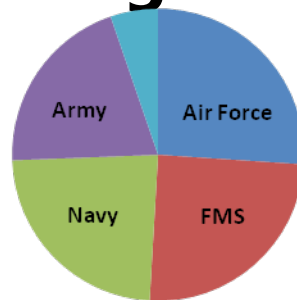
Foreign Military Sales Trends



FMS and Service Procurement: 5 Year Average

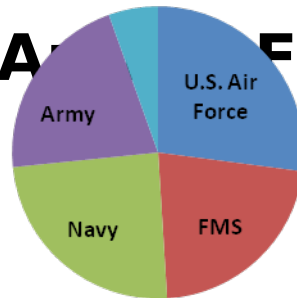
- Average annual procurement budget over last 5 years (FY09-13):

- #1. \$41.6 Billion USAF
- #2. **\$39.7 Billion FMS**
- #3 \$37.5 Billion U.S. Navy
- #4 \$32.4 Billion U.S. Army
- #5 \$8.4 Billion USMC



- If we remove the FY12 Saudi Air Force F-15 sale and recalculate:

- #1. \$41.6 Billion USAF
- #2 \$37.5 Billion U.S. Navy
- #3 **\$33.7 Billion FMS**



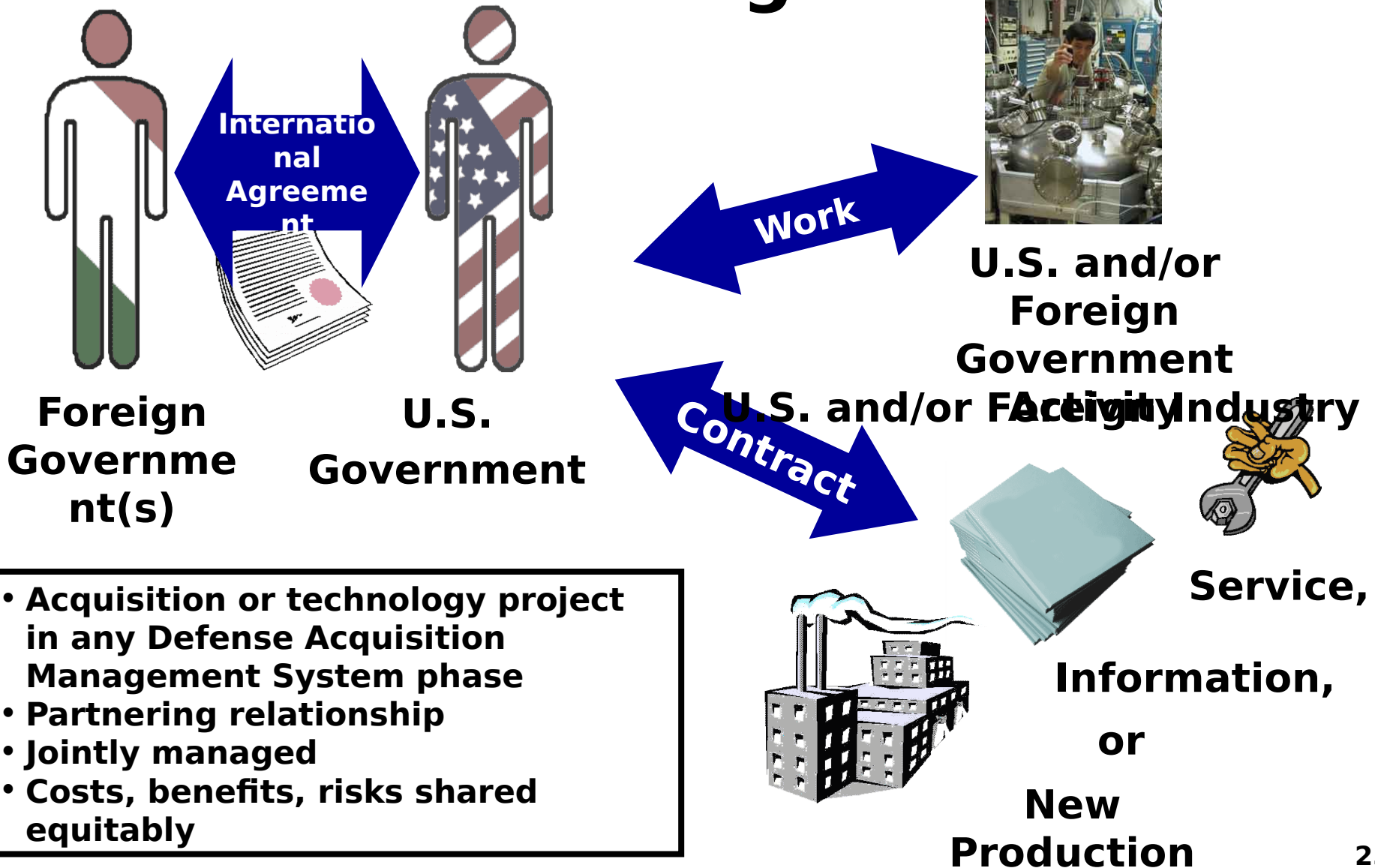


International Armaments Cooperation (IAC)

- **Cooperative research, development, and acquisition projects and programs**
- **Enabling Programs**
 - **Personnel exchange (ESEP & APEP)**
 - **RDT&E Information Exchange Program (IEP)**
 - **International Cooperative R&D (ICR&D) program**
 - **Coalition Warfare Program (CWP)**



International Cooperative Program



- Acquisition or technology project in any Defense Acquisition Management System phase
- Partnering relationship
- Jointly managed
- Costs, benefits, risks shared equitably



Acquisition Strategy

“Program management is responsible for integrating international acquisition and exportability considerations into the program’s Acquisition Strategy at each major milestone or decision point. Program management will consider the potential demand and likelihood of cooperative development or production, Direct Commercial Sales, or Foreign Military Sales early in the acquisition planning process; and, where appropriate, program managers will pursue cooperative opportunities and international

Interim DoDI 5000.02 (Enclosure 2, paragraph 10)



Allied Interoperability

- Equipment procured for U.S. forces employed in NATO, other allied, and coalition operations must be standardized or at least interoperable
- DoD complies with U.S.-ratified international standardization agreements to maximum extent feasible, subject to systems engineering tradeoffs
- Program Managers to pursue opportunities throughout the acquisition life cycle that enhance international cooperation and improve interoperability

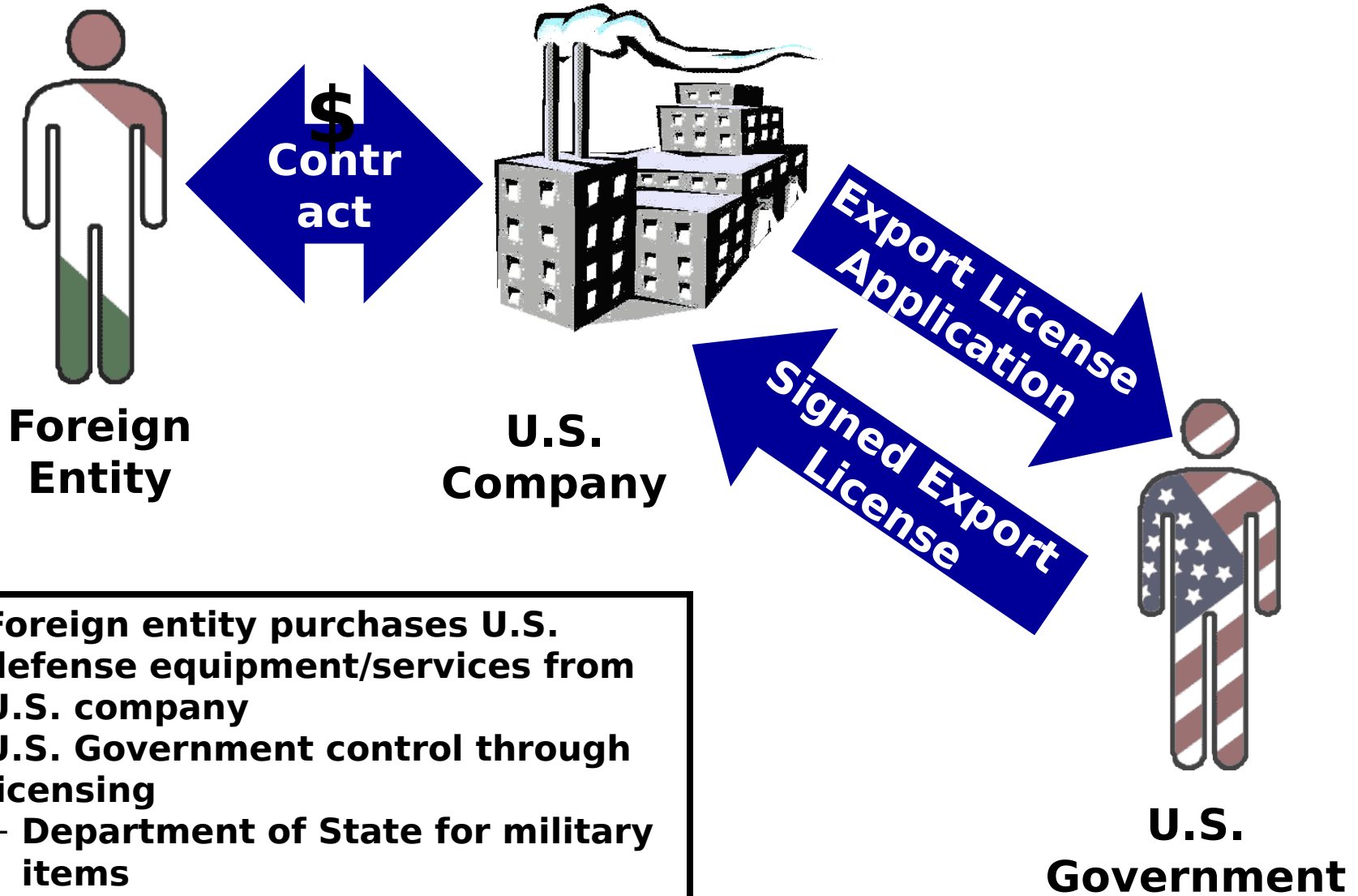


Direct Commercial Sales (DCS)

- **Sale of defense articles, services, or training made or provided by U.S. defense industry to a foreign entity**
- **Not administered by DoD and do not involve a government-to-government agreement**
- **Foreign entity contracts directly with U.S. company**
- **USG control procedure is accomplished through licensing**



Direct Commercial Sales (DCS)





FMS vs DCS

- DoD is generally neutral whether a foreign country purchases through FMS or DCS
- Certain items can be designated FMS only; based on complexity, sensitivity, interoperability, relationships
- Most major system DCS programs will have an FMS companion effort for FMS-only items (i.e. a hybrid program)

Managers should monitor program contractors' marketing



Building Partner Capacity (BPC)

- **Title 10, DoD Security Cooperation programs executed through the FMS infrastructure**
- **Differences from traditional FMS**
 - **USG Requesting Authority identifies requirement**
 - **Funded by the USG**
 - **“Pseudo”-LOAs are not signed by country**
 - **Title transfers in country**

of programs and BPC policies are contained in Chapter 15 of the multiple legal authorities



Building Partner Capacity (BPC)

